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C O N F I D E N T I A L SECTION 01 OF 03 TOKYO 000697

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TAGS: [PREL](#) [PGOV](#) [ENRG](#) [EPET](#) [JA](#) [RU](#)
SUBJECT: VFM YACHI ATTENDS FIRST JAPAN-RUSSIA STRATEGIC
DIALOGUE

REF: A. TOKYO 00163
[1](#)B. MOSCOW 00601

Classified By: Ambassador J.Thomas Schieffer. Reasons 1.4 (B) (D)

[1](#)1. (C) Summary. Russian officials told VFM Yachi during his January 23-25 Moscow visit that Russia has no intention of "controlling" or "monopolizing" Central Asia, but said that Moscow should be "an important interlocutor" on issues affecting the region, according to MOFA Russia Division Director Matsuda. The Kremlin supported direct U.S.-DPRK talks in Berlin, and expressed regret that similar efforts had not been undertaken with regard to Iran. Matsuda stressed that the new Japan-Russia strategic dialogue would not be used to negotiate the status of the Northern Territories. FM Aso's December 13 Diet statement referring to the possibility of splitting the four islands with Russia had "gone too far" and did not constitute a new negotiating strategy with Moscow. End Summary.

[1](#)2. (C) MOFA Russian Division Director Kuninori Matsuda provided a readout on February 8 of VFM Shotaro Yachi's January 23-25 meeting with Russian officials in Moscow, as well as a wide-ranging overview of the status of Japan-Russia relations. Matsuda said that VFM Yachi's Moscow meetings -- the first Japan-Russia strategic dialogue -- grew out of a proposal made by Moscow following PM Abe's November 2006 Hanoi meeting with President Putin on the margins of APEC. A key rationale for launching the new strategic dialogue, which Matsuda said complemented existing meetings at the PM, FM, and DFM levels, was to find areas of common interest between Japan and Russia. The current structure, he said, was overly formal and garnered too much media attention. The proposed new strategic dialogue would allow participants to "relax" and engage in frank discussion. He expected a second round to take place in Tokyo within the first half of 2007. Subsequent meetings might follow the &China-model8 and be held away from the capitals to encourage more relaxed discussion.

"Arc of Freedom and Prosperity: Why Russia Isn't Included

13. (C) Day one of Yachi's three-day January visit began with a 70-minute meeting with FM Lavrov. Lavrov, Matsuda reported, pointedly asked Yachi why Russia had been excluded from FM Aso's presentation on the "Arc of Freedom and Prosperity" and challenged Yachi to explain how the vision described in the "Arc of Freedom" would impact Central Asia. (Note: Aso's November 2006 "Arc of Freedom" speech to the Japanese Institute of International Affairs articulated a new strategic world view and announced that Japan would be more assertive in promoting economic prosperity and democratic values in a area stretching from Eastern Europe through Central Asia to Southeast Asia.)

14. (C) Yachi explained that Japan saw the Arc as promoting cooperation with economies in transition, according to Matsuda. Russia had already made the transition toward being a developed country and, therefore, had not been included. Instead, Yachi told Lavrov that Japan and Russia should be partners in working with states along the Arc. Lavrov agreed that Japan and Russia should discuss how the two states might deepen coordination on Central Asia, Matsuda said. Yachi and Lavrov agreed that a second Central Asian bilateral roundtable should take place during the first half of 2007. Lavrov added that Moscow had no intention of "controlling" or "monopolizing" the region.

Central Asia Dialogue

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15. (C) In a separate conversation, First Deputy Minister for Foreign Affairs Denisov suggested to Yachi how the Russian side hoped to conduct a director general-level framework dialogue on Central Asia, according to Matsuda. Denisov echoed Lavrov's observed assertion that Moscow did not intend to dominate the Central Asian republics. The DFM added, however, that since the Central Asian states had once been a part of the Soviet Union, Russia should be "an important interlocutor" on issues affecting the region.

16. (C) Lavrov and Deputy Minister of Foreign Affairs for Asia Losyukov expressed concern about developments in Afghanistan, Matsuda stated. According to Matsuda, both Russian diplomats believe that the international community has paid considerable attention to Iraq, but too little focus to Afghanistan.

North Korea and Iran: Six Party Talks A Model for Iran?

17. (C) Yachi and Lavrov reviewed A/S Hill's January 2007 discussions in Berlin with DPRK VFM Kim Gye-gwan, Matsuda related. VFM Kim had given the Russians a readout on progress obtained in Berlin. During discussions with Lavrov and Denisov, the Russians told Yachi that Moscow was pleased that the U.S. and DPRK had begun direct talks on the nuclear issue - a step that Lavrov characterized as "pragmatic" and "realistic." Lavrov expressed regret that similar efforts had not been undertaken with regard to Iran. Lavrov reportedly told Yachi that Moscow believes that "growing forces" inside Iran oppose President Ahmadinejad and support direct engagement between Tehran and the U.S./Europe. Russia thinks that the West should support those forces.

18. (C) "Judging from the way Lavrov raised the issue with Yachi," Matsuda opined, the Russians appeared to be pleased with the Six-Party process, and hoped to use the Beijing discussions as a model for negotiation with Iran. Lavrov told Yachi that Russia felt it now had more influence with Iran and that Tehran had moved closer to Moscow.

Northern Territories: No New Aso Policy

¶9. (C) Asked about FM Aso,s reported proposal to divide the land area of the disputed islands 50/50 between Russia and Japan, Matsuda explained that media reports of the proposal resulted from Aso,s December 13 response to an opposition Diet member's question. Following the Diet presentation, Matsuda claimed, Aso confided to Matsuda that he had not expected opposition questioning to be quite so difficult and asked him, "Did I get it right?" Matsuda said he replied that the FM had "gone too far" and had convinced Aso to issue a subsequent statement explaining that Aso had simply been answering a question put forward by the opposition - not establishing new policy on the Northern Territories.

¶10. (C) Matsuda stressed, however, that while the two countries intend to discuss the Northern Territories issue, those discussions would not be part of the new strategic dialogue. Rather, the two sides hope to use the dialogue to identify areas of common interest - a step that Matsuda said should "make it easier to persuade public opinion" on the need for a final solution to the Northern Territories issue.

East Asia

¶11. (C) Matsuda said that Russia and Japan shared similar views on the need for peace, prosperity, and stability in East Asia. The U.S., Japan, PRC, ROK, and Russia should

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cooperate to resolve any problem or issue that impact the region. Unfortunately, he continued, Japan's links with Russia were the weakest of all its bilateral ties with countries in the region. At the same time, improved Tokyo-Moscow ties in areas such as anti-terrorism could be a boon for the U.S., Matsuda suggested. Energy cooperation could provide a second area of potential benefit, since both Russia and Japan hope to diversify their respective export and import markets.

Energy and Investment

¶12. (C) On January 24, while Yachi met with his political counterparts, Agency for Natural Resources and Energy Director General Harufumi Mochizuki held talks with Gazprom officials and discussed trade and investment opportunities with Russian business concerns. Matsuda speculated that public transportation might be the next project on which the two countries might collaborate. Carefully noting, "no one else had been convinced yet," Matsuda said that intercity rail and aviation transportation sectors might offer important investment opportunities. Japan was currently engaged in competition with Germany over development of high-speed rail facilities - a fight Tokyo felt confident of winning because, according to Matsuda, the "German system did not work well." As a result, Russia thought it was "too risky to depend on the German system," he asserted.

¶13. (C) Recalling last December's discussion on the energy sector and Sakhalin 2 project with embassy officers (ref A), Matsuda said that Japan was "trying hard" to invite U.S. participation in the East Siberian pipeline project. The Siberian project would involve two stages. The first stage would involve 100 percent commercial financing, mostly from U.S. banks. Participants were "still talking" about how to proceed with stage two, but Japan was "trying to involve the U.S.," Matsuda offered. Russia needed U.S. technology for drilling in the cold, harsh winter climate. Sakhalin 1 represented a unique opportunity for bilateral cooperation, Matsuda observed. ExxonMobil, Rosneft, an Indian company and

a Japanese consortium were participating. "Sakhalin 1 should be a model the future development of Siberia and the Far East," he stated.
SCHIEFFER